

Unused RA

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Types of RA

Source - Handbook 2, Chapter 8, Section 8.3

- **Renewal – Replaces expiring RA Agreements**
- **Servicing RA – Increases number of RA units in existing agreement**
- **New Construction**
- **Incentive RA – N/0 set-aside**

Historical Allocation

Five Year Trend*

- FY 2005 – \$592,000,000**
- FY 2004 - \$580,560,690
- FY 2003 –\$723,650,680
- FY 2002 - \$701,003,994
- FY 2001 – \$685,739,204

*** Also important to note that renewals have been reduced to four year terms.**



Historical Allocation cont.

**** According to the Housing Assistance Council (HAC) the FY 2005 allocation is under funded by \$22,044,800 for renewals only. Source: HAC Analysis of FY 2005 Rural Housing Budget.**



Future of RA

Proposed FY 2006 Budget:

- **Good news! \$650,000,000 proposed (all RA needs, not just renewal).**
- **Bad news. Still less than 2001, 2002, and 2003 levels. Numbers are preliminary and typically decrease before final approval.**
- **Conclusion #1: RA continues to be a diminishing resource.**



Future of RA cont.

Comprehensive Needs Assessment Report

Estimated Costs To Prevent Deterioration – “We estimate that the average rent increase that would be required is 14% (\$40 per unit per month). We estimate that the federal cost to provide those rent increases is \$210 million annually, and \$2.6 billion over 20 years”

Conclusion #2: RA is a diminishing resource and the future is uncertain.



Unused RA in Maine

- Total number of unused units in Maine as of April 2005: 196 units
- This is down from 232 units less than 60 days ago. Trend is in the right direction.

Demands on Unused RA

Demands Are Many and Varied

- Revitalization Efforts
- ✓ Rehab/Repairs
- ✓ Incentive Offers to retain affordable housing units
- Workout Plans
- ✓ High Vacancy
- ✓ Under funded Reserves
- SMRs
- Tenant overburden

Emerging Policies (3560)

Handbook 2, Chapter 9 – Agency Monitoring”

- **Section 5, 9.16 - “It is the intent of the National Office to recapture all available unused rental assistance into the Administrator’s Rental Assistance (RA) Reserve Account.”**
- **Attachment 9-B, Report of Status of Unused Rental Assistance Units – “Use this form to report quarterly on the planned disposition of available unused RA in your state.”**

Emerging Policies (3560)

Transferring RA – Handbook 2, Chapter 8 Section 1, Paragraph 8.8

- ✓ When not being used after initial rent up – May be transferred after one year without consent or request.
- ✓ When not being used 6 months or later after the initial year of the agreement – If not being used for 6 months the number of unused units, minus one, may be transferred. If the one unit continues another six months, it may also be transferred. Informal Hearing and Appeal rights apply.

Other Drivers

- **It's the right thing to do. Policies and goals aside, at the end of the day, more tenants benefit from the effective use of RA.**
- **Taxpayers expect it from us.**
- **Once again, the National Office will take it away.**

How Can Owners and Managers Help?

- **Provide adequate training to your staff on how to identify and utilize unused RA.**
- **Emphasize during staff meetings, field reviews, etc.**
- **Establish monitoring system.**
- **Aggressively fill vacancies.**



How Can Owners and Managers Help

- **Partner/Market with other agencies. Use other sources of subsidy as available.**
- **Most importantly, proactively request transfers of unused RA if you have other needs in other properties. You are the frontline in managing this issue.**



What Have We Learned?

- **“I don’t have any vacancies, how can I have unused RA?” – Evaluate causes, train staff. Also realize that we are looking at trends.**
- **“You guys have been saying this for years” – Now it’s real and there is a formal process to recapture RA.**
- **We have recognized a large surge in activity. Waiting lists are being reviewed and vacant units are being filled. Need to keep the momentum going.**

What Have We Learned?

- **Maine, in relative terms, does a good job in using RA. We are in the middle of the pack with respect to percent of unused RA nationwide. Average 5-6 percent of total RA units.**
- **Other states are doing the same thing and lowering their averages too!**



Summary

- **RA is clearly a diminishing resource.**
- **Demand for RA will not decline.**
- **Successful management of unused RA must be a shared responsibility by all stakeholders. Cooperative effort is essential.**
- **If we don't take ownership of this issue, our success will be short-term.**

THANK YOU

THE END



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